

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MCCREARY COUNTY)	
WATER DISTRICT, MCCREARY COUNTY,)	
KENTUCKY, (1) FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY)	
AUTHORIZING CONSTRUCTION OF MAJOR)	CASE NO. 91-083
ADDITIONS AND IMPROVEMENTS TO ITS)	
WATER DISTRIBUTION SYSTEM; AND (2))	
SEEKING APPROVAL OF THE ISSUANCE)	
OF CERTAIN SECURITIES)	

O R D E R

On March 19, 1991, McCreary County Water District (McCreary Water") filed an application for a Certificate of Public Convenience and Necessity to construct a \$2,596,450 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 127 additional customers. Project funding includes a \$980,000 loan from the Farmers Home Administration ("FmHA"), a \$735,075 Community Development Block Grant from the U.S. Department of Housing and Urban Development ("HUD"), a \$854,975 Abandoned Mine Lands Grant and \$26,400 from applicants for service in the proposed project area. The loan will be for a 40-year period at an interest rate of 5 percent per annum.

McCreary Water's application was made pursuant to KRS 278.023 which requires the Commission to accept agreements between water districts and FmHA and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory

completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on April 8, 1991, KRS 278.023 does not grant to the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. McCreary Water is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. McCreary Water's proposed plan of financing with FmHA is accepted.

3. McCreary Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

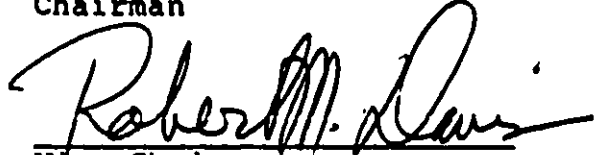
4. McCreary Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 6(1), McCreary Water shall take immediate action to bring the system into compliance with Commission regulations.

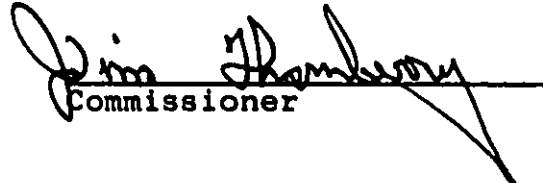
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 15th day of April, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director